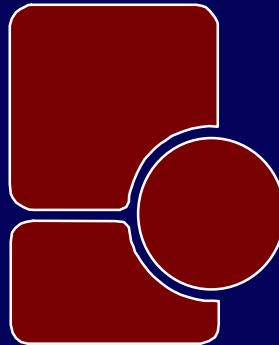


**Joint Legislative Audit and Review Commission  
of the Virginia General Assembly**



**VRS Oversight:  
2000 Semi-Annual Investment Report**

**JLARC Staff Briefing  
December 11, 2000**

# VRS Oversight Act

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- Section 30-78 *et seq.* of *Code of Virginia* requires JLARC to oversee and evaluate VRS on a continuing basis
- Areas for review and evaluation include:
  - Structure and governance
  - Actuarial policy and actuarial soundness
  - Administration and management
  - Investment practices, policies, and performance
    - Semi-annual investment report required

# Semi-Annual Investment Report

3

- The market value of the fund's assets as of September 30, 2000 was \$40.8 billion
- Through September 2000, the total fund's one-year investment return of 17.8 percent exceeded the performance benchmark for that period
- In addition, the total fund's 13.0 percent three-year and 15.9 percent five-year investment returns outperformed established benchmarks for those periods
  - The total fund investment return for the 10-year period ending September 30, 2000 was 14.3 percent

# **Semi-Annual Investment Report**

**(continued)**

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- **For the one year period ending September 30, 2000, the domestic public equity program did not meet its established performance benchmarks**
  - **However, during the second and third quarters of calendar year 2000, the program exceeded its benchmarks**
- **Other asset classes also contributed to the fund's performance for the one-, three-, and five-year periods**
  - **Fixed income and private equity programs met or exceeded all performance benchmarks**

# **Semi-Annual Investment Report**

**(continued)**

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- VRS' private equity program has had a substantial impact on the total fund's investment performance since its inception as a VRS asset class
- Private equity is included as an asset class in the fund for two primary reasons:
  - to provide diversification
  - to provide enhanced investment returns as compared to the public equity program
- Private equity's annual investment return has averaged more than 32 percent since it was established in 1989